

Global economy

US and UK lead worldwide manufacturing growth higher in June

- Global manufacturing PMI rises to four-month high in June
- UK and US lead global manufacturing growth ranking
- France slides to bottom of PMI league table

The global manufacturing economy grew at the fastest rate for four months in June, with the rate of expansion closing in on the near-three-year high seen in February. However, growth was once again concentrated in the developed world, while factory output in the emerging markets largely stagnated.

The JPMorgan Global PMI™ rose for a second successive month in June, up from 52.1 in May to 52.7 in June. The average reading across the second quarter as a whole, at just 52.2, was the weakest since the third quarter of last year but is broadly consistent with worldwide manufacturing production rising at a reasonable 5% annual rate, with momentum building throughout the quarter.

The UK led the worldwide manufacturing PMI rankings, followed closely by the US. The UK PMI rose to the a seven-month high, and over the course of the second quarter has enjoyed the strongest growth spurts seen in the past 20 years, highlighting the rapid pace of expansion the country's goods producing sectors is currently experiencing. The US meanwhile saw factories expand at the fastest rate for just over four years.

Two of the top five manufacturing economies were found in the euro area, but were not the usual suspects. Ireland noted up the fastest growth of all eurozone members states, followed by Spain.

The extent to which trends diverged within the euro area was highlighted by France registering the steepest contraction of all countries, as its downturn deepened.

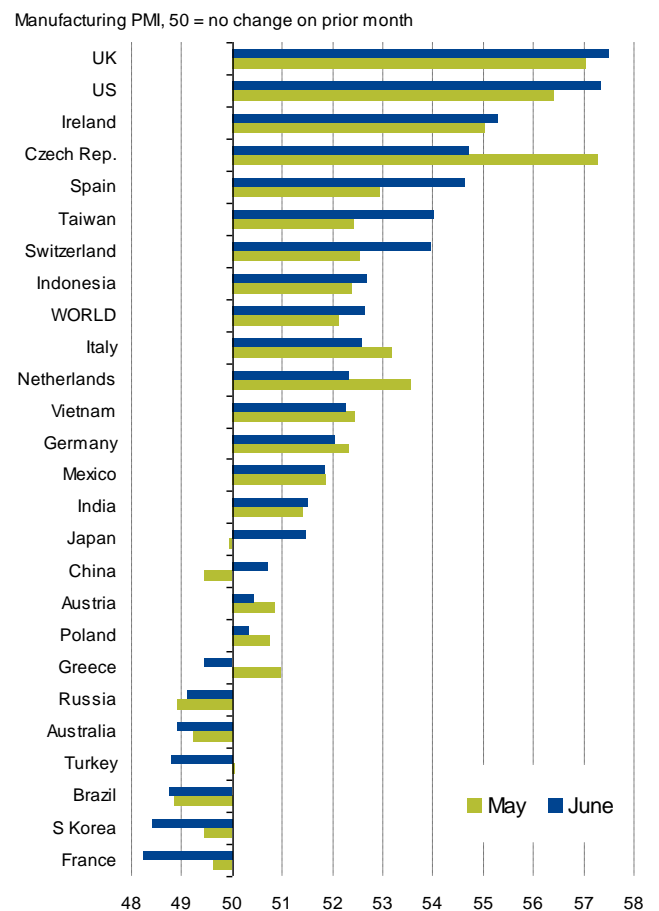
In Asia, the surveys signalled the fastest growth for four months, but at 50.9, the pan-Asian PMI remained very subdued by historical standards.

Global manufacturing



Sources: Markit, JPMorgan, Ecwin.

Countries ranked by manufacturing PMI™



The HSBC/Markit PMI for China rose back above the 50 level for the first time in six months, but remained well below pre-crisis levels.

The PMI for Japan also rose back above 50, signalling a return to growth for the first time since March and suggesting the adverse impact of the April 1st sales tax hike is already waning.

Elsewhere in Asia, PMIs rose to four-month highs in India and Taiwan, and the PMI for Indonesia rose to the highest seen since the survey began in early 2011. However, growth slowed in Vietnam and both South Korea and Turkey suffered contractions of their manufacturing economies, with both countries sliding to the lower end of the global PMI rankings.

Russia and Brazil in decline

The two emerging markets which remain of concern, due to their sheer size, were Brazil and Russia. Brazil saw its manufacturing sector contract at the fastest rate for two years, deteriorating for a third month running. Russia's manufacturing sector meanwhile contracted for an eighth successive month, albeit with the rate of decline easing to the weakest since last November.

Chris Williamson

Chief Economist, Markit

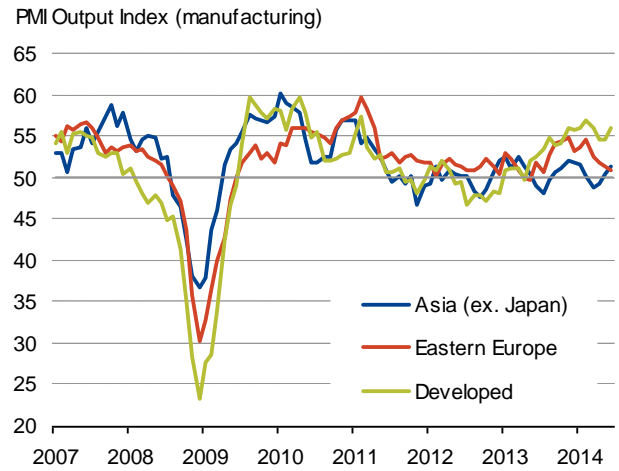
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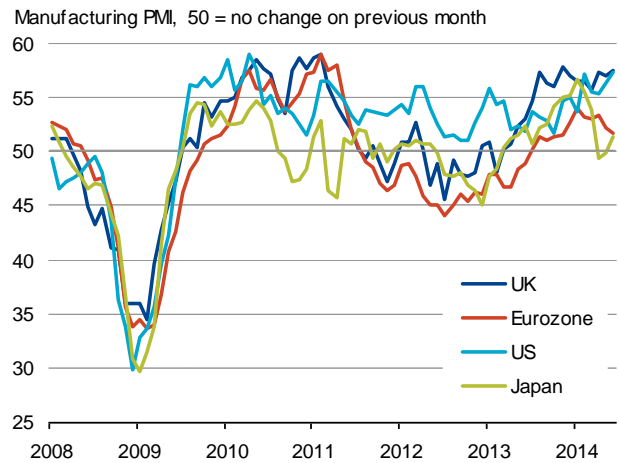
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Developed world v emerging market manufacturing



Manufacturing PMIs: developed world



Manufacturing PMIs: emerging markets

